



# WEINLANDER FITZHUGH

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& CONSULTANTS

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COUNCIL ON AGING  
GLADWIN, MICHIGAN

FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005

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GLADWIN AND WEST BRANCH

**RSM McGladrey Network**  
An Independently Owned Member

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

|   |                          |   |   |  |                   |
|---|--------------------------|---|---|--|-------------------|
| Local Government Type<br><input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other |                          |   | Local Government Name Gladwin City Housing<br>Commission Council on Aging |  | County<br>Gladwin |
| Audit Date<br>9/30/05   | Opinion Date<br>12/31/05 | Date Accountant Report Submitted to State:<br>2/10/06 |   |  |                   |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   |          |                 | X            |
| Reports on individual federal financial assistance programs (program audits). |          |                 | X            |
| Single Audit Reports (ASLGU).   |          |                 | X            |

|  |                  |                 |              |
|--|------------------|-----------------|--------------|
| Certified Public Accountant (Firm Name)<br>Weinlander Fitzhugh |                  |                 |              |
| Street Address<br>1600 Center Avenue                           | City<br>Bay City | State<br>MI     | ZIP<br>48708 |
| Accountant Signature<br>Stewart J Reid CPA                     |                  | Date<br>2/10/06 |              |

## TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| Independent Auditors' Report   | 1 - 2       |
| Management's Discussion and Analysis   | 3a - 3f     |
| Basic Financial Statements   |             |
| Government-wide Financial Statements:  |             |
| Statement of Net Assets  | 4           |
| Statement of Activities  | 5           |
| Fund Financial Statements:   |             |
| Governmental Fund:   |             |
| Balance Sheet  | 6           |
| Reconciliation of Balance Sheet of Governmental<br>Fund to the Statement of Net Assets   | 7           |
| Statement of Revenues, Expenditures, and Changes<br>in Fund Balance  | 8           |
| Reconciliation of the Statement of Revenues,<br>Expenditures and Changes in Fund Balance<br>of Governmental Fund to the Statement<br>of Activities | 9           |
| Notes to Financial Statements  | 10-18       |
| Required Supplemental Information  |             |
| Budgetary Comparison Schedule – General Fund   | 19          |
| Other Supplemental Information   |             |
| Home Delivered Meals – Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance Compared to Budget                                       | 20          |
| Title III-C-1 Congregate Meals – Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance Compared to Budget                             | 21          |
| Beaverton Meal Program – Schedule of Revenues, Expenditures, and<br>Changes in Fund Balance Compared to Budget                                     | 22          |

## TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| Supportive Services – Combined – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget  | 23          |
| Supportive Services –Case Coordination – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget  | 24          |
| Supportive Services – Personal Care – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget   | 25          |
| Supportive Services – Homemaking – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget  | 26          |
| Supportive Services – Respite – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget   | 27          |
| Supportive Services – Senior Center Staffing – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget  | 28          |
| Supportive Services - Disease Prevention – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget  | 29          |
| Supportive Services - Caregiver – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget   | 30          |
| Auxiliary Services – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget  | 31          |
| Fees For Service – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget  | 32          |
| Medicaid Waiver/POS and Other Miscellaneous Revenues – Schedule of Revenues, Expenditures, and Changes in Fund Balance Compared to Budget  | 33          |
| Report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with Government Auditing Standards | 34-35       |



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December 13, 2005

WALTER G. WEINLANDER, CPA  
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## Independent Auditors' Report

Board of Commissioners  
Gladwin City Housing Commission  
Gladwin, Michigan

We have audited the accompanying financial statements of the governmental activities, its major fund and the aggregate remaining fund information of Council on Aging, as of and for the year ended September 30, 2005, which collectively comprise the Council on Aging's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Council on Aging's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, its major fund and the aggregate remaining fund information of Council on Aging as of September 30, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

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# WEINLANDER FITZHUGH

Board of Commissioners  
Gladwin City Housing Commission  
December 13, 2005  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2005, on our consideration of the Council on Aging's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

## **Required Supplemental Information**

The management's discussion and analysis and budgetary comparison schedule as identified in the table of contents are not a required part of the basic financial statements but is supplemental information required by U.S. generally accepted accounting principles and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

*Weinlander Fitzhugh*

COUNCIL ON AGING  
Management's Discussion & Analysis  
For the Year Ended September 30, 2005

Our discussion and analysis of the Council on Aging's financial performance provides an overview of the Council on Aging's activities of the year ended September 30, 2005.

Council on Aging operates under the direction of the Gladwin City Housing Commission (Housing Commission) for the purposes of planning and providing for social services, nutrition services, and multi-purpose senior center services to the area's senior citizens in Clare and Gladwin Counties. The accompanying financial statements present the results of operations for Council on Aging only, and do not include any other activities or programs of the Housing Commission. Accordingly, these financial statements do not present the financial position or results of operations of the entire Gladwin City Housing Commission.

**Financial Highlights**

Revenues from special millage levied by Clare and Gladwin Counties to fund operations of the Council on Aging amounted to \$794,000 or 49% of the Council on Aging's revenues. In addition, grant revenues from the Area Agency on Aging were \$441,000 or 28% of the revenues. Fund balance increased by \$99,096.

**Using this Annual Financial Report**

The annual report includes this management's discussion and analysis report, the independent auditors' report and the basic financial statements of Council on Aging. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**Reporting the Council on Aging as a Whole**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Council on Aging's finances in a manner similar to a private sector business.

The Statement of Net Assets presents information on all of the Council on Aging's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council on Aging is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

The Statement of Activities presents information showing how the Council on Aging's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

COUNCIL ON AGING  
Management's Discussion & Analysis  
For the Year Ended September 30, 2005

Both of the government-wide financial statements report functions that are intended to recover all or a significant portion of their costs through user fees and charges (governmental activities).

**Reporting on the Council on Aging**

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Council on Aging, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** Governmental funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The Housing Commission uses a general fund to account for the Council on Aging.

Governmental funds provide the same type of information as the government-wide financial statements, only in more detail. The governmental fund financial statements provide information on the Council on Aging of the Gladwin City Housing Commission.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements.

**Financial Analysis of the Council on Aging**

The most common financial question posed to Council on Aging is "How did we do financially during the fiscal year?" The Statement of Net Assets and the Statement of Activities report information about Council on Aging's activities in a way that will help answer this question. The two statements report the net assets of the Council on Aging and the change in them.



COUNCIL ON AGING  
Management's Discussion & Analysis  
For the Year Ended September 30, 2005

The statement of net assets provides the perspective of Council on Aging as a whole. Exhibit A provides a comparative summary of Council on Aging's net assets as of September 30, 2005 and 2004:

**Exhibit A**

|  | <u>2005</u>       | <u>2004</u>       |
|--|-------------------|-------------------|
| <b>Assets</b>                                    |                   |                   |
| Current assets                                   | \$ 374,000        | \$ 278,000        |
| Capital assets - net of accumulated depreciation | <u>23,000</u>     | <u>15,000</u>     |
| Total assets                                     | <u>397,000</u>    | <u>293,000</u>    |
| <b>Liabilities</b>                               |                   |                   |
| Current liabilities                              | <u>59,000</u>     | <u>61,000</u>     |
| <b>Net Assets</b>                                |                   |                   |
| Investment in capital assets                     | 23,000            | 15,000            |
| Unrestricted                                     | <u>315,000</u>    | <u>217,000</u>    |
| Total net assets                                 | <u>\$ 338,000</u> | <u>\$ 232,000</u> |

Exhibit A focuses on the net assets of the Council on Aging, which were \$338,000 at September 30, 2005. Investment in capital assets, totaling \$23,000 compares the original cost, less depreciation of the Council on Aging's capital assets to long-term debt used to finance the acquisition of those assets, if any.

The \$315,000 in unrestricted net assets of governmental activities represents the *accumulated* results of all past and current year's operations.

The results of this year's operations for the Council on Aging are reported in the statement of activities, as summarized in Exhibit B below, which shows the changes in net assets for the year ended September 30, 2005 and 2004.

COUNCIL ON AGING  
Management's Discussion & Analysis  
For the Year Ended September 30, 2005

**Exhibit B**

|  | <u>2005</u>      | <u>2004</u>       |
|--|------------------|-------------------|
| <b>Revenue</b>                           |                  |                   |
| Program revenue:                         |                  |                   |
| Program income                           | \$ 211,000       | \$ 0              |
| Operating grants and contributions       | 649,000          | 802,000           |
| General revenue:                         |                  |                   |
| Local matching share                     | 30,000           | 31,000            |
| Other resources                          | 794,000          | 685,000           |
| Interest earnings                        | <u>4,000</u>     | <u>1,000</u>      |
| Total revenue                            | 1,688,000        | 1,519,000         |
| <b>Function/Program Expenses</b>         |                  |                   |
| Senior services                          | <u>1,594,000</u> | <u>1,520,000</u>  |
| <b>Increase (Decrease) in Net Assets</b> | <u>\$ 94,000</u> | <u>\$ (1,000)</u> |

As reported in the summarized comparative statement of activities, the cost of all of our *governmental* activities in 2005 was \$1,594,000. Certain activities were partially funded from those who benefited from the programs in the amount of \$211,000 or by other governments and organizations that subsidized certain programs with grants and categoricals in the amount of \$649,000. We paid for the remaining "public benefit" portion of our governmental activities with \$794,000 in taxes. Council on Aging experienced an increase in net assets in 2005 of approximately \$94,000.

COUNCIL ON AGING  
Management's Discussion & Analysis  
For the Year Ended September 30, 2005

**General Fund Budgetary Highlights**

Over the course of the year, Council on Aging revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing Council on Aging's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

- Due to increased Area Agency dollars we were able to increase our services for all programs resulting in line item increases.

**Capital Assets**

The Council on Aging had \$23,000, net of accumulated depreciation, invested in capital assets as of September 30, 2005. The investment in capital assets includes equipment.

|                               | <u>2005</u>             | <u>2004</u>             |
|-------------------------------|-------------------------|-------------------------|
| Equipment                     | \$ 152,000              | \$ 141,000              |
| Less accumulated depreciation | <u>129,000</u>          | <u>114,000</u>          |
| Net capital assets            | <u><u>\$ 23,000</u></u> | <u><u>\$ 27,000</u></u> |

Council on Aging does not anticipate on purchasing any capital assets next year.

COUNCIL ON AGING  
Management's Discussion and Analysis  
For The Year Ended September 30, 2005

**Factors Expected to have an Effect on Future Operations**

We are not aware of any factors that will have a significant impact on future operations.

**Requests For Information**

This financial report is designed to provide a general overview of Council on Aging's finances for all those with an interest in Council on Aging. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ms. Lauren Essenmacher  
Director  
Council on Aging  
215 S. Antler Street  
Gladwin, MI 48624

COUNCIL ON AGING  
Statement of Net Assets  
September 30, 2005

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <u>Assets</u>   |                                    |
| Cash and cash equivalents                                 | \$ 222,273                         |
| Accounts receivable                                       | 143,277                            |
| Inventory   | 8,509                              |
| Capital assets less accumulated depreciation of \$128,831 | <u>22,815</u>                      |
| Total assets  | <u>396,874</u>                     |
| <u>Liabilities</u>  |                                    |
| Accounts payable  | 35,658                             |
| Accrued payroll   | <u>23,115</u>                      |
| Total liabilities   | <u>58,773</u>                      |
| <u>Net Assets</u>   |                                    |
| Investment in capital assets - net of related debt        | 22,815                             |
| Unrestricted  | <u>315,286</u>                     |
| Total net assets  | <u><u>\$ 338,101</u></u>           |

See accompanying notes to financial statements

| <u>Function/Programs</u>                      | <u>Expenses</u>     | <u>Program Revenues</u> |   |   | Governmental Activities                                |
|---|---------------------|-------------------------|---|---|--|
|   |                     | <u>Program Income</u>   | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
| Governmental activities:                      |                     |                         |   |   |  |
| Senior Services                               | <u>\$ 1,593,846</u> | <u>\$ 211,048</u>       | <u>\$ 649,312</u>                         | <u>\$ 0</u>                             | \$ (733,486)   |
| General revenues:                             |                     |                         |   |   |  |
| Contributions from local units of government: |                     |                         |   |   |  |
| Local matching share                          |                     |                         |   |   | 29,999   |
| Other resources                               |                     |                         |   |   | 794,236  |
| Interest income                               |                     |                         |   |   | <u>3,794</u>   |
|   |                     |                         |   |   |  |
|   |                     |                         |   |   | Change in net assets                                   |
|   |                     |                         |   |   | 94,543   |
|   |                     |                         |   |   |  |
|   |                     |                         |   |   | Net assets - beginning of year                         |
|   |                     |                         |   | \$ 18,423                               |  |
|   |                     |                         |   |   |  |
|   |                     |                         |   |   | Prior period adjustment                                |
|   |                     |                         |   | <u>225,135</u>                          |  |
|   |                     |                         |   |   |  |
|   |                     |                         |   |   | Net assets at beginning of year - restated             |
|   |                     |                         |   |   | <u>243,558</u>   |
|   |                     |                         |   |   |  |
|   |                     |                         |   |   | Net assets - end of year                               |
|   |                     |                         |   |   | <u>\$ 338,101</u>                                      |

See accompanying notes to financial statements

COUNCIL ON AGING  
Governmental Fund  
Balance Sheet  
September 30, 2005

|                                    | <u>General Fund</u> |
|------------------------------------|---------------------|
| <u>ASSETS</u>                      |                     |
| <u>Current Assets</u>              |                     |
| Cash                               | \$ 222,273          |
| Accounts receivable                | 143,277             |
| Inventory                          | <u>8,509</u>        |
| Total assets                       | <u>\$ 374,059</u>   |
| <u>LIABILITIES</u>                 |                     |
| <u>Current Liabilities</u>         |                     |
| Accounts payable                   | \$ 35,658           |
| Accrued payroll                    | <u>23,115</u>       |
| Total liabilities                  | 58,773              |
| <u>FUND BALANCE</u>                |                     |
| Unrestricted                       | <u>315,286</u>      |
| Total liabilities and fund balance | <u>\$ 374,059</u>   |

See accompanying notes to financial statements

COUNCIL ON AGING  
Reconciliation of Balance Sheet of Governmental Fund  
to the Statement of Net Assets  
September 30, 2005

|  |  |            |
|--|--|------------|
| Total fund balance - governmental fund |  | \$ 315,286 |
|--|--|------------|

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and are not reported in the funds:

|                            |                  |               |
|----------------------------|------------------|---------------|
| Cost of the capital assets | \$ 151,646       |               |
| Accumulated depreciation   | <u>(128,831)</u> | <u>22,815</u> |

|  |  |                   |
|--|--|-------------------|
| Total net assets - governmental activities |  | <u>\$ 338,101</u> |
|--|--|-------------------|

See accompanying notes to financial statements



COUNCIL ON AGING  
Governmental Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended September 30, 2005

|  | <u>General Fund</u> |
|--|---------------------|
| <u>Revenues</u>  |                     |
| Grant revenue - Area Agency of Aging                   | \$ 441,431          |
| Grant revenue - other agencies                         | 59,128              |
| USDA reimbursement                                     | 79,692              |
| Program income   | 211,048             |
| Contributions from local units of government           |                     |
| Local matching share                                   | 29,999              |
| Other resources  | 794,236             |
| Inkind contributions                                   | 19,235              |
| Purchase of services                                   | 21,484              |
| Other resources - Title V                              | 32,136              |
|  | <hr/>               |
| Total revenues   | 1,688,389           |
|  | <hr/>               |
| <u>Expenditures</u>                                    |                     |
| Salaries and wages                                     | 758,194             |
| Travel and delivery                                    | 151,874             |
| Supplies   | 40,984              |
| Meal costs - food                                      | 250,222             |
| Utilities and rent                                     | 107,118             |
| Communications   | 14,905              |
| Fringe benefits  | 118,942             |
| Equipment  | 4,110               |
| Professional fees                                      | 88,026              |
| Medicaid waiver/purchase of services                   | 15,954              |
| Capital outlay   | 33,840              |
| Other  | 5,124               |
|  | <hr/>               |
| Total expenditures                                     | 1,589,293           |
|  | <hr/>               |
| Excess of revenues over (under) expenditures           | 99,096              |
|  |                     |
| Fund balance - beginning of year, as previously stated | \$ 3,577            |
| Prior period adjustment                                | 212,613             |
|  | <hr/>               |
| Fund balance - beginning of year, restated             | 216,190             |
|  | <hr/>               |
| Fund balance - end of year                             | \$ 315,286          |
|  | <hr/>               |

See accompanying notes to financial statements

COUNCIL ON AGING  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of Governmental Fund to the Statement of Activities  
For the Year Ended September 30, 2005

|  |                  |
|--|------------------|
| Net change in fund balance - total governmental fund   | \$ 99,096        |
| Amounts reported for governmental activities in the statement<br>of activities are different because:  |                  |
| Governmental funds report capital outlays as expenditures;<br>in the statement of activities, these costs are allocated<br>over their estimated useful lives as depreciation |                  |
| Depreciation expense   | (18,010)         |
| Capital outlay   | <u>13,457</u>    |
| Change in net assets of governmental activities  | <u>\$ 94,543</u> |

See accompanying notes to financial statements

COUNCIL ON AGING  
Notes to Financial Statements  
For the Year Ended September 30, 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Council on Aging (Council) conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Council on Aging.

**Reporting Entity**

Council on Aging operates under the direction of the Gladwin City Housing Commission for the purposes of planning and providing for social services, nutrition services, and multi-purpose senior center services to the area's senior citizens in Clare and Gladwin Counties.

Council on Aging receives various grants through the Region VII Area Agency On Aging. These include grants associated with state and federally funded Senior Support Services and Nutrition Services Programs.

Council on Aging must meet certain matching requirements under both the federal and state programs in order to receive the funds. Fifteen percent of the total budget must be met with local contributions. The local contributions may be in the form of cash or in-kind contributions, with in-kind contributions consisting of donated space used for meal sites. Clare and Gladwin Counties both collect a special millage used to make appropriations to Council on Aging. The local matching funds for the Council on Aging consist of appropriations from Clare and Gladwin Counties, with the remainder consisting of in-kind contributions from the community.

**Government-wide and Fund Financial Statements**

The financial statements of the Council on Aging's General Fund present the financial position and results of operations for only that portion of Council on Aging activities and transactions related to its sub-recipient status with the Region VII Area Agency on Aging.

Council on Aging also maintains a special revenue fund titled "Other Resources Fund." The assets, liabilities, fund balance, revenues, and expenses of the fund are not included in the accompanying financial statements. The Other Resources Fund accounts for the activities financed through United Way donations, and its separate financial statements can be obtained through Council on Aging. A separate audit has been performed for the Other Resources Fund. The Director of Council on Aging may be contacted for information on this audit.

The accounts of Council on Aging's General Fund are organized on the basis of a single fund which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

COUNCIL ON AGING  
Notes to Financial Statements  
For the Year Ended September 30, 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Government activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. All of Council on Aging's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) revenues from applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting operations or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenue.

Separate fund financial statements are provided for the major governmental fund.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Council on Aging considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues for the Council on Aging include grant revenue, USDA reimbursement, program income, contributions from local units of government, in-kind contributions, and other resources – Title V. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

COUNCIL ON AGING  
Notes to Financial Statements  
For the Year Ended September 30, 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. This report includes one major governmental fund and that is the General Fund.

The General Fund is used to account for all activities and transactions related to its sub-recipient status with the Region VII Area Agency on Aging (Prime Recipient).

The General Fund includes the following programs: Congregate Meals and Home-Delivered Meals, and Emergency Food and Shelter Program – Clare and Gladwin Counties; Supportive Services, including Case Coordination and Support, Personal Care, Homemaking, Senior Center Staffing, and Respite Care, Caregiver, Disease Prevention; Auxiliary Services – Clare and Gladwin Counties; Medicaid Waiver/POS Programs, and Medicaid/Medicare Assistance Program.

**Assets, Liabilities, and Net Assets or Equity**

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables – Accounts receivable consist of amounts receivable from Region VII Area Agency on Aging, site donations and taxes receivable related to operations for the year ended September 30, 2005. No allowance for doubtful accounts has been included in these statements. If amounts become uncollectible, they will be charged to operations in the period of uncollectibility. The application of this method is not deemed materially different than the allowance method which is prescribed for purposes of U.S. generally accepted accounting principles.

Inventory - Inventory, consisting of food, is recorded at cost using the first in, first out (FIFO) method. Operating supplies are expensed when purchased.

Capital Assets – Capital assets, which include land improvements and equipment are reported in the applicable government-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and any asset susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Equipment is depreciated using the straight-line method over the following useful lives:

|           |           |
|-----------|-----------|
| Equipment | 3-5 years |
|-----------|-----------|

COUNCIL ON AGING  
Notes to Financial Statements  
For the Year Ended September 30, 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 – BUDGETS**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for the General Fund of governments prior to the expenditure of monies in a fiscal year.

The Gladwin City Housing Commission follows these procedures in establishing the budgetary data reflected in financial statements for Council on Aging.

1. The Council on Aging's Director submits to the Board a proposed budget prior to October 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. The proposed budget is discussed at a public meeting and is subsequently approved by the Board.
3. The budget is also approved by Gladwin and Clare Counties.
4. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the line item level.
5. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for Council on Aging is presented as Required Supplemental Information.

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, Council on Aging incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

COUNCIL ON AGING  
Notes to Financial Statements  
For the Year Ended September 30, 2005

**NOTE 2 – BUDGETS (CONTINUED)**

| <u>Fund/Expense</u>                  | <u>Total</u><br><u>Appropriation</u> | <u>Amount of</u><br><u>Expenditure</u> | <u>Budget</u><br><u>Variance</u> |
|--------------------------------------|--------------------------------------|--|----------------------------------|
| <u>Primary Government</u>            |                                      |  |                                  |
| General Fund:                        |                                      |  |                                  |
| Supplies                             | \$ 242,152                           | \$ 250,222                             | \$ 8,070                         |
| Capital outlay                       | 13,457                               | 15,954                                 | 2,497                            |
| Professional fees                    | 3,700                                | 4,110                                  | 410                              |
| Medicaid waiver/purchase of services | 0                                    | 88,026                                 | 88,026                           |

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State statutes and the Housing Commission's investment policy authorize the Housing Commission to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Housing Commission is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Housing Commission's deposits are in accordance with statutory authority.

At year-end, Council on Aging's deposits were reported in the basic financial statements as follows:

|                             |                   |
|-----------------------------|-------------------|
| Deposits (checking account) | \$ 222,143        |
| Petty cash and cash on hand | 130               |
| Total                       | <u>\$ 222,273</u> |

**Interest Rate Risk**

In accordance with its investment policy, Council on Aging will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

**Credit Risk**

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2005, Council on Aging had no investments.

COUNCIL ON AGING  
Notes to Financial Statements  
For the Year Ended September 30, 2005

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, Council on Aging's deposits may not be returned to it. As of September 30, 2005, \$136,823 of Council on Aging's bank balance of \$236,823 was exposed to custodial credit risk.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity of Council on Aging for the current year was as follows:

|                                    | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|------------------------------------|------------------------------|-------------------|------------------|---------------------------|
| Capital assets:                    |                              |                   |                  |                           |
| Equipment                          | \$ 140,748                   | \$ 13,457         | \$ (2,559)       | \$ 151,646                |
| Less accumulated depreciation for: |                              |                   |                  |                           |
| Equipment                          | <u>113,380</u>               | <u>18,010</u>     | <u>(2,559)</u>   | <u>128,831</u>            |
| Net capital assets                 | <u>\$ 27,368</u>             | <u>\$ (4,553)</u> | <u>\$ 0</u>      | <u>\$ 22,815</u>          |

**NOTE 5 – IN-KIND CONTRIBUTIONS AND EXPENDITURES**

Council on Aging records the estimated fair value of donated facilities as contribution revenue. An expenditure equal to the donation is also recorded to reflect the amount that would have been paid out in cash had the use of the facilities not been donated.

These donated space costs, termed "In-Kind Contributions," are permissible as local matching requirements under the federal and state programs.



**COUNCIL ON AGING**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**NOTE 6 – FEDERAL AND STATE GRANT TOTALS**

Grant revenues from the Area Agency on Aging consist of funding under Federal and State programs. Total grant revenues from the Area Agency on Aging consist of the following:

|                                      |                       |
|--------------------------------------|-----------------------|
| Grants other than USDA reimbursement | \$ 441,431            |
| USDA reimbursement                   | <u>79,692</u>         |
| Total grant revenue                  | <u>\$ 521,123</u>     |
| <br>Federal funding                  | <br>\$ 339,651        |
| State funding                        | <u>181,472</u>        |
|                                      | <br><u>\$ 521,123</u> |

**NOTE 7 – PUBLIC ENTITY RISK (INSURANCE) POOL – SELF INSURANCE PLAN**

Council on Aging participates in a public entity risk (insurance) pool with other local units of government in the Housing Authority Property Insurance Group and the Housing Authority Risk Retention Group. These Self-Insurance Plans provide members with loss protection for property damage, general liability, automobile damage, and boiler and machinery damage. The Council on Aging contributed \$1,931 to the Plans for the fiscal year ended September 30, 2005.

**NOTE 8 – PENSION PLAN**

**Defined Benefit Pension Plan (Michigan Municipal Employees' Retirement System)**

**Plan Description** – The Gladwin City Housing Commission participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all eligible employees of the Gladwin City Housing Commission, through its association with the City of Gladwin. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at: Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling 1-800-767-6377.

**Funding Policy** – The obligation to contribute to and maintain the system for these employees was established by the Gladwin City Housing Commission on November 8, 2003 by resolution of the Board. The plan requires a 3% contribution by the employees to the System. The Housing Commission is required to contribute based on an actuarially determined rate.

**COUNCIL ON AGING**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**NOTE 8 – PENSION PLAN (CONTINUED)**

**Annual Pension Costs** – For year ended June 30, 2005, the Housing Commission's annual pension cost of \$51,468 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry age normal actuarial cost method. Significant actuarial assumptions used include: (i) an 8.0% investment rate of return; (ii) projected salary increase of 4.5% per year, and (iii) 4.5% per year cost of living adjustments. These assumptions were determined using techniques that smooth the effects of short-term volatility over a four-year period.

The following three year trend information as of December 31, 2004 is for the entire Gladwin City Housing Commission (2002 is unavailable since participation began in 2003):

|  | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|--|-------------|-------------|-------------|
| Annual pension cost                        |             | \$ 55,848   | \$ 51,468   |
| Percentage of APC contributed              |             | 100%        | 100%        |
| Net pension obligation                     |             | 0           | 0           |
| Actuarial value of assets                  |             | 618,017     | 722,529     |
| Actuarial accrued liability                |             | 1,124,936   | 1,190,977   |
| Unfunded AAL                               |             | 506,919     | 468,448     |
| Funded ratio                               |             | 55%         | 61%         |
| Covered payroll                            |             | 759,907     | 728,880     |
| UAAL as a percentage of<br>covered payroll |             | 67%         | 64%         |

**NOTE 9 – RISK MANAGEMENT**

Council on Aging is a member of a self insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. The purpose of the association is to administer a risk management fund which protects members with loss protection for general and automobile liability, motor vehicle physical damage and property. Contributions are applied to risk management, underwriting, payment of claims, establishment of loss reserves, and other related expenses.

A member's loss contribution account is charged or credited according to the member's actual loss experience; no obligation is credited for another member's losses. If contributions are in excess of actual expenses and reserves, future contributions are decreased. Credit is extended by the self insurance risk association's joint loss fund to members with losses in excess of contributions. These excess losses are repaid by the member through future contributions.

COUNCIL ON AGING  
Notes to Financial Statements  
For the Year Ended September 30, 2005

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

Beginning net assets/fund balance was increased by \$212,613 for a correction to the recognition of deferred revenue for prior years. Beginning net assets were also increased by \$12,522 for a correction to depreciation expense for prior years.

COUNCIL ON AGING  
Required Supplemental Information  
Budgetary Comparison Schedule -General Fund  
For the Year Ended September 30, 2005

|   | Original<br>Budget | Final Amended<br>Budget | Actual            | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------------|-------------------|--|
| <u>Revenues</u>                               |                    |                         |                   |  |
| Grant revenue - Area Agency on Aging          | \$ 398,888         | \$ 443,103              | \$ 441,431        | \$ (1,672)   |
| Area Agency on Aging - Medicaid Waiver        | 0                  | 0                       | 28,029            | 28,029   |
| Grant revenue - A & D - Medicaid Waiver       | 0                  | 0                       | 31,099            | 31,099   |
| USDA reimbursement                            | 72,358             | 79,692                  | 79,692            | 0  |
| Program income                                | 224,060            | 227,869                 | 211,048           | (16,821)   |
| Contributions from local units of government: |                    |                         |                   |  |
| Local matching share                          | 19,121             | 24,034                  | 29,999            | 5,965  |
| Other resources                               | 771,078            | 785,000                 | 794,236           | 9,236  |
| Inkind contributions                          | 25,200             | 25,200                  | 19,235            | (5,965)  |
| Purchase of services                          | 0                  | 0                       | 21,484            | 21,484   |
| Millage supplement                            | 8,400              | 8,400                   | 0                 | (8,400)  |
| Other resources - Title V                     | 32,136             | 32,136                  | 32,136            | 0  |
| Total revenues                                | <u>1,551,241</u>   | <u>1,625,434</u>        | <u>1,688,389</u>  | <u>62,955</u>  |
| <u>Expenditures</u>                           |                    |                         |                   |  |
| Salaries and wages                            | 818,754            | 828,004                 | 758,194           | 69,810   |
| Travel and delivery                           | 103,819            | 129,098                 | 118,942           | 10,156   |
| Supplies                                      | 58,830             | 242,152                 | 250,222           | (8,070)  |
| Meal costs - food                             | 227,045            | 48,850                  | 40,984            | 7,866  |
| Utilities and rent                            | 82,508             | 168,506                 | 151,874           | 16,632   |
| Communications                                | 21,900             | 26,150                  | 14,905            | 11,245   |
| Fringe benefits                               | 212,675            | 110,007                 | 107,118           | 2,889  |
| Equipment                                     | 5,500              | 5,500                   | 5,124             | 376  |
| Professional fees                             | 3,700              | 3,700                   | 4,110             | (410)  |
| Medicaid waiver/purchase of services          | 0                  | 0                       | 88,026            | (88,026)   |
| Capital outlay                                | 13,457             | 13,457                  | 15,954            | (2,497)  |
| Other   | 33,400             | 52,509                  | 33,840            | 18,669   |
| Total expenditures                            | <u>1,581,588</u>   | <u>1,627,933</u>        | <u>1,589,293</u>  | <u>38,640</u>  |
| Excess of revenues over (under) expenditures  | (30,347)           | (2,499)                 | 99,096            | 101,595  |
| Fund balance - beginning of year              | <u>216,190</u>     | <u>216,190</u>          | <u>216,190</u>    | <u>0</u>   |
| Fund balance - end of year                    | <u>\$ 185,843</u>  | <u>\$ 213,691</u>       | <u>\$ 315,286</u> | <u>\$ 101,595</u>  |

COUNCIL ON AGING  
HOME DELIVERED MEALS  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | Budget     | Actual     | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|------------|------------|--|
| <u>Revenues</u>                              |            |            |  |
| Grant revenue - Area Agency                  | \$ 167,692 | \$ 167,692 | \$ 0   |
| USDA reimbursement                           | 51,477     | 51,477     | 0  |
| Program income                               | 106,256    | 99,632     | (6,624)  |
| Contributions from local units of government |            |            |  |
| Local matching share                         | 1,496      | 1,496      | 0  |
| Other resources                              | 299,873    | 273,274    | (26,599)   |
| Inkind contributions                         | 17,136     | 17,136     | 0  |
| Other resources - Title V                    | 21,852     | 21,852     | 0  |
| Total revenues                               | 665,782    | 632,559    | (33,223)   |
| <u>Expenditures</u>                          |            |            |  |
| Salaries and wages                           | 281,393    | 262,185    | 19,208   |
| Travel and delivery                          | 72,975     | 75,567     | (2,592)  |
| Supplies                                     | 42,579     | 34,957     | 7,622  |
| Meal costs - food                            | 149,698    | 151,047    | (1,349)  |
| Utilities and rent                           | 50,187     | 49,319     | 868  |
| Communications                               | 5,508      | 3,382      | 2,126  |
| Fringe benefits                              | 49,882     | 47,667     | 2,215  |
| Other  | 13,560     | 8,435      | 5,125  |
| Total expenditures                           | 665,782    | 632,559    | 33,223   |
| Excess of revenues over expenditures         | 0          | 0          | 0  |
| Fund balance - beginning of year             | 0          | 0          | 0  |
| Fund balance - end of year                   | \$ 0       | \$ 0       | \$ 0   |

COUNCIL ON AGING  
TITLE III-C-1 CONGREGATE MEALS  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | <u>Budget</u>  | <u>Actual</u>  | <u>Variances with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------|----------------|--|
| <u>Revenues</u>                              |                |                |  |
| Grant revenue - Area Agency on Aging         | \$ 91,471      | \$ 91,471      | \$ 0   |
| USDA reimbursement                           | 28,215         | 28,215         | 0  |
| Program income                               | 82,663         | 72,998         | (9,665)  |
| Contributions from local units of government |                |                |  |
| Local matching share                         | 2,099          | 8,064          | 5,965  |
| Other resources                              | 72,135         | 80,685         | 8,550  |
| In-kind contributions                        | 8,064          | 2,099          | (5,965)  |
| Other resources - Title V                    | 10,284         | 10,284         | 0  |
| Total revenues                               | <u>294,931</u> | <u>293,816</u> | <u>(1,115)</u>   |
| <u>Expenditures</u>                          |                |                |  |
| Salaries and wages                           | 133,186        | 133,287        | (101)  |
| Travel and delivery                          | 4,694          | 5,437          | (743)  |
| Supplies                                     | 6,271          | 5,986          | 285  |
| Meal costs - food                            | 81,204         | 83,981         | (2,777)  |
| Utilities and rent                           | 23,621         | 23,209         | 412  |
| Communications                               | 2,592          | 1,589          | 1,003  |
| Fringe benefits                              | 23,474         | 23,275         | 199  |
| Capital outlay                               | 11,960         | 10,079         | 1,881  |
| Other  | 7,929          | 6,973          | 956  |
| Total expenditures                           | <u>294,931</u> | <u>293,816</u> | <u>1,115</u>   |
| Excess of revenues over expenditures         | 0              | 0              | 0  |
| Fund balance - beginning of year             | <u>0</u>       | <u>0</u>       | <u>0</u>   |
| Fund balance - end of year                   | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>  |

COUNCIL ON AGING  
BEAVERTON MEAL PROGRAM  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | <u>Budget</u>   | <u>Actual</u>   | <u>Variances with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|-----------------|-----------------|--|
| <u>Revenues</u>                              |                 |                 |  |
| Program income                               | \$ 710          | \$ 128          | \$ (582)   |
| <u>Expenditures</u>                          |                 |                 |  |
| Supplies                                     | 150             | 41              | 109  |
| Meal costs - food                            | 710             | 101             | 609  |
| Other  | 625             | 92              | 533  |
| Total expenditures                           | <u>1,485</u>    | <u>234</u>      | <u>1,251</u>   |
| Excess of revenues over (under) expenditures | (775)           | (106)           | 669  |
| Fund balance - beginning of year             | <u>0</u>        | <u>0</u>        | <u>0</u>   |
| Fund balance - end of year                   | <u>\$ (775)</u> | <u>\$ (106)</u> | <u>\$ 669</u>  |

COUNCIL ON AGING  
SUPPORTIVE SERVICES - COMBINED  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | Budget     | Actual     | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|------------|------------|--|
| <u>Revenues</u>                              |            |            |  |
| Grant revenue                                | \$ 183,940 | \$ 182,268 | \$ (1,672)   |
| Program income                               | 38,950     | 38,414     | (536)  |
| Contributions from local units of government |            |            |  |
| Local share                                  | 20,439     | 20,439     | 0  |
| Other resources                              | 216,712    | 189,469    | (27,243)   |
| Total revenues                               | 460,041    | 430,590    | (29,451)   |
| <u>Expenditures</u>                          |            |            |  |
| Salaries and wages                           | 287,225    | 275,352    | 11,873   |
| Travel and delivery                          | 17,070     | 15,418     | 1,652  |
| Supplies                                     | 10,250     | 13,820     | (3,570)  |
| Utilities and rent                           | 95,150     | 80,932     | 14,218   |
| Communications                               | 10,050     | 9,934      | 116  |
| Fringe benefits                              | 26,518     | 23,278     | 3,240  |
| Other  | 13,778     | 11,856     | 1,922  |
| Total expenditures                           | 460,041    | 430,590    | 29,451   |
| Excess of revenues over expenditures         | 0          | 0          | 0  |
| Fund balance - beginning of year             | 0          | 0          | 0  |
| Fund balance - end of year                   | \$ 0       | \$ 0       | \$ 0   |



COUNCIL ON AGING  
SUPPORTIVE SERVICES - CASE COORDINATION  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | <u>Budget</u>  | <u>Actual</u>  | <u>Variances with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------|----------------|--|
| <u>Revenues</u>                              |                |                |  |
| Grant revenue                                | \$ 52,644      | \$ 52,644      | \$ 0   |
| Program income                               | 3,100          | 3,624          | 524  |
| Contributions from local units of government |                |                |  |
| Local share                                  | 5,849          | 5,849          | 0  |
| Other resources                              | <u>85,644</u>  | <u>68,278</u>  | <u>(17,366)</u>  |
| Total revenues                               | <u>147,237</u> | <u>130,395</u> | <u>(16,842)</u>  |
| <u>Expenditures</u>                          |                |                |  |
| Salaries and wages                           | 80,193         | 71,807         | 8,386  |
| Travel and delivery                          | 4,450          | 4,036          | 414  |
| Supplies                                     | 2,650          | 3,236          | (586)  |
| Utilities and rent                           | 2,175          | 1,950          | 225  |
| Communications                               | 3,350          | 3,517          | (167)  |
| Fringe benefits                              | 54,044         | 45,849         | 8,195  |
| Other  | <u>375</u>     | <u>0</u>       | <u>375</u>   |
| Total expenditures                           | <u>147,237</u> | <u>130,395</u> | <u>16,842</u>  |
| Excess of revenues over expenditures         | 0              | 0              | 0  |
| Fund balance - beginning of year             | <u>0</u>       | <u>0</u>       | <u>0</u>   |
| Fund balance - end of year                   | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>  |

COUNCIL ON AGING  
SUPPORTIVE SERVICES - PERSONAL CARE  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | Budget        | Actual        | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|---------------|---------------|--|
| <u>Revenues</u>                              |               |               |  |
| Grant revenue                                | \$ 29,212     | \$ 29,212     | \$ 0   |
| Program income                               | 10,000        | 11,960        | 1,960  |
| Contributions from local units of government |               |               |  |
| Local share                                  | 3,246         | 3,246         | 0  |
| Other resources                              | 39,400        | 33,809        | (5,591)  |
| Total revenues                               | <u>81,858</u> | <u>78,227</u> | <u>(3,631)</u>   |
| <u>Expenditures</u>                          |               |               |  |
| Salaries and wages                           | 52,975        | 51,280        | 1,695  |
| Travel and delivery                          | 7,450         | 6,894         | 556  |
| Supplies                                     | 2,100         | 3,093         | (993)  |
| Utilities and rent                           | 2,175         | 1,950         | 225  |
| Communications                               | 3,350         | 3,208         | 142  |
| Fringe benefits                              | 13,433        | 11,802        | 1,631  |
| Other  | 375           | 0             | 375  |
| Total expenditures                           | <u>81,858</u> | <u>78,227</u> | <u>3,631</u>   |
| Excess of revenues over expenditures         | 0             | 0             | 0  |
| Fund balance - beginning of year             | <u>0</u>      | <u>0</u>      | <u>0</u>   |
| Fund balance - end of year                   | <u>\$ 0</u>   | <u>\$ 0</u>   | <u>\$ 0</u>  |

COUNCIL ON AGING  
SUPPORTIVE SERVICES - HOMEMAKING  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | Budget    | Actual    | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|-----------|-----------|--|
| <u>Revenues</u>                              |           |           |  |
| Grant revenue                                | \$ 28,762 | \$ 28,762 | \$ 0   |
| Program income                               | 18,000    | 15,520    | (2,480)  |
| Contributions from local units of government |           |           |  |
| Local share                                  | 3,196     | 3,196     | 0  |
| Other resources                              | 38,722    | 39,580    | 858  |
| Total revenues                               | 88,680    | 87,058    | (1,622)  |
| <u>Expenditures</u>                          |           |           |  |
| Salaries and wages                           | 60,125    | 60,720    | (595)  |
| Travel and delivery                          | 6,050     | 5,796     | 254  |
| Supplies                                     | 2,100     | 3,039     | (939)  |
| Utilities and rent                           | 2,175     | 1,950     | 225  |
| Communications                               | 3,350     | 3,209     | 141  |
| Fringe benefits                              | 14,505    | 12,344    | 2,161  |
| Other  | 375       | 0         | 375  |
| Total expenditures                           | 88,680    | 87,058    | 1,622  |
| Excess of revenues over expenditures         | 0         | 0         | 0  |
| Fund balance - beginning of year             | 0         | 0         | 0  |
| Fund balance - end of year                   | \$ 0      | \$ 0      | \$ 0   |

COUNCIL ON AGING  
SUPPORTIVE SERVICES - RESPITE  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | Budget    | Actual    | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|-----------|-----------|--|
| <u>Revenues</u>                              |           |           |  |
| Grant revenue                                | \$ 21,704 | \$ 20,032 | \$ (1,672)   |
| Program income                               | 7,500     | 7,310     | (190)  |
| Contributions from local units of government |           |           |  |
| Local share                                  | 2,412     | 2,412     | 0  |
| Other resources                              | 43,069    | 38,378    | (4,691)  |
| Total revenues                               | 74,685    | 68,132    | (6,553)  |
| <u>Expenditures</u>                          |           |           |  |
| Salaries and wages                           | 49,317    | 46,105    | 3,212  |
| Travel and delivery                          | 4,200     | 2,839     | 1,361  |
| Supplies                                     | 2,100     | 3,092     | (992)  |
| Utilities and rent                           | 2,175     | 1,950     | 225  |
| Fringe benefits                              | 13,168    | 10,937    | 2,231  |
| Other  | 3,725     | 3,209     | 516  |
| Total expenditures                           | 74,685    | 68,132    | 6,553  |
| Excess of revenues over expenditures         | 0         | 0         | 0  |
| Fund balance - beginning of year             | 0         | 0         | 0  |
| Fund balance - end of year                   | \$ 0      | \$ 0      | \$ 0   |

COUNCIL ON AGING  
SUPPORTIVE SERVICES - SENIOR CENTER STAFFING  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | <u>Budget</u> | <u>Actual</u> | <u>Variances with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|--|---------------|---------------|--|
| <u>Revenues</u>                              |               |               |  |
| Grant revenue                                | \$ 19,046     | \$ 19,046     | \$ 0   |
| Contributions from local units of government |               |               |  |
| Local share                                  | 2,116         | 2,116         | 0  |
| Other resources                              | <u>8,182</u>  | <u>9,206</u>  | <u>1,024</u>   |
| Total revenues                               | <u>29,344</u> | <u>30,368</u> | <u>1,024</u>   |
| <u>Expenditures</u>                          |               |               |  |
| Salaries and wages                           | 26,676        | 27,768        | (1,092)  |
| Fringe benefits                              | <u>2,668</u>  | <u>2,600</u>  | <u>68</u>  |
| Total expenditures                           | <u>29,344</u> | <u>30,368</u> | <u>(1,024)</u>   |
| Excess of revenues over expenditures         | 0             | 0             | 0  |
| Fund balance - beginning of year             | <u>0</u>      | <u>0</u>      | <u>0</u>   |
| Fund balance - end of year                   | <u>\$ 0</u>   | <u>\$ 0</u>   | <u>\$ 0</u>  |

COUNCIL ON AGING  
SUPPORTIVE SERVICES - DISEASE PREVENTION  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | Budget   | Actual   | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|----------|----------|--|
| <u>Revenues</u>                              |          |          |  |
| Grant revenue                                | \$ 5,000 | \$ 5,000 | \$ 0   |
| Program income                               | 100      | 0        | (100)  |
| Contributions from local units of government |          |          |  |
| Local share                                  | 556      | 556      | 0  |
| Other resources                              | 153      | 145      | (8)  |
| Total revenues                               | 5,809    | 5,701    | (108)  |
| <u>Expenditures</u>                          |          |          |  |
| Salaries and wages                           | 3,620    | 3,528    | 92   |
| Travel and delivery                          | 300      | 262      | 38   |
| Supplies                                     | 300      | 300      | 0  |
| Fringe benefits                              | 1,589    | 1,611    | (22)   |
| Total expenditures                           | 5,809    | 5,701    | 108  |
| Excess of revenues over expenditures         | 0        | 0        | 0  |
| Fund balance - beginning of year             | 0        | 0        | 0  |
| Fund balance - end of year                   | \$ 0     | \$ 0     | \$ 0   |

COUNCIL ON AGING  
SUPPORTIVE SERVICES - CAREGIVER  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | Budget    | Actual    | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|-----------|-----------|--|
| <u>Revenues</u>                              |           |           |  |
| Grant revenue                                | \$ 27,572 | \$ 27,572 | \$ 0   |
| Program income                               | 250       | 0         | (250)  |
| Contributions from local units of government |           |           |  |
| Local share                                  | 3,064     | 3,064     | 0  |
| Other resources                              | 1,542     | 73        | (1,469)  |
| Total revenues                               | 32,428    | 30,709    | (1,719)  |
| <u>Expenditures</u>                          |           |           |  |
| Salaries and wages                           | 14,319    | 14,144    | 175  |
| Travel and delivery                          | 1,400     | 851       | 549  |
| Supplies                                     | 1,000     | 1,060     | (60)   |
| Fringe benefits                              | 6,781     | 6,007     | 774  |
| Other  | 8,928     | 8,647     | 281  |
| Total expenditures                           | 32,428    | 30,709    | 1,719  |
| Excess of revenues over expenditures         | 0         | 0         | 0  |
| Fund balance - beginning of year             | 0         | 0         | 0  |
| Fund balance - end of year                   | \$ 0      | \$ 0      | \$ 0   |

COUNCIL ON AGING  
AUXILIARY SERVICES  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|  | Budget     | Actual     | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--|------------|------------|--|
| <u>Revenues</u>                              |            |            |  |
| Contributions from local units of government |            |            |  |
| Other resources                              | \$ 177,970 | \$ 140,902 | \$ (37,068)  |
| <u>Expenditures</u>                          |            |            |  |
| Salaries and wages                           | 103,840    | 85,149     | 18,691   |
| Travel and delivery                          | 4,000      | 2,397      | 1,603  |
| Supplies                                     | 1,000      | 1,273      | (273)  |
| Fringe benefits                              | 38,220     | 30,490     | 7,730  |
| Equipment                                    | 8,000      | 5,124      | 2,876  |
| Professional fees                            | 4,110      | 4,110      | 0  |
| Capital outlay                               | 3,378      | 3,378      | 0  |
| Other  | 15,422     | 8,981      | 6,441  |
| Total expenditures                           | 177,970    | 140,902    | 37,068   |
| Excess of revenues over (under) expenditures | 0          | 0          | 0  |
| Fund balance - beginning of year             | 0          | 0          | 0  |
| Fund balance - end of year                   | \$ 0       | \$ 0       | \$ 0   |



COUNCIL ON AGING  
FEES FOR SERVICE  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|                                      | Budget    | Actual   | Variances with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|--------------------------------------|-----------|----------|--|
| <u>Revenues</u>                      |           |          |  |
| Program income                       | \$ 17,600 | \$ 3,166 | \$ (14,434)  |
| Millage Supplement                   | 8,400     | 0        | (8,400)  |
| Total revenues                       | 26,000    | 3,166    | (22,834)   |
| <u>Expenditures</u>                  |           |          |  |
| Salaries and wages                   | 22,360    | 2,221    | 20,139   |
| Travel and delivery                  | 1,820     | 439      | 1,381  |
| Fringe benefits                      | 1,820     | 506      | 1,314  |
| Total expenditures                   | 26,000    | 3,166    | 22,834   |
| Excess of revenues over expenditures | 0         | 0        | 0  |
| Fund balance - beginning of year     | 0         | 0        | 0  |
| Fund balance - end of year           | \$ 0      | \$ 0     | \$ 0   |

COUNCIL ON AGING  
 MEDICAID WAIVER/POS AND OTHER MISCELLANEOUS REVENUES  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance Compared to Budget  
For the Year Ended September 30, 2005

|   | <u>Budget</u> | <u>Actual</u> | <u>Variances with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|---------------|---------------|--|
| <u>Revenues</u>                                   |               |               |  |
| Grant revenues - Area Agency and A&D Home Health: |               |               |  |
| Medicaid waiver                                   | \$ 0          | \$ 59,128     | \$ 59,128  |
| Purchase of service                               | 0             | 17,925        | 17,925   |
| Other revenue:                                    |               |               |  |
| Tobacco settlement                                | 0             | 3,559         | 3,559  |
| EFSP program                                      | 0             | 5,374         | 5,374  |
| MAPP program                                      | 0             | 2,040         | 2,040  |
| Total revenues                                    | <u>0</u>      | <u>88,026</u> | <u>88,026</u>  |
| <u>Expenditures</u>                               |               |               |  |
| Medicaid waiver/purchase of services              | <u>0</u>      | <u>88,026</u> | <u>(88,026)</u>  |
| Total expenditures                                | <u>0</u>      | <u>88,026</u> | <u>(88,026)</u>  |
| Excess of revenues over expenditures              | 0             | 0             | 0  |
| Fund balance - beginning of year                  | <u>0</u>      | <u>0</u>      | <u>0</u>   |
| Fund balance - end of year                        | <u>\$ 0</u>   | <u>\$ 0</u>   | <u>\$ 0</u>  |



# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

December 13, 2005

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Gladwin City Housing Commission  
Gladwin, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Council on Aging as of and for the year ended September 30, 2005, which comprise the Council on Aging's basic financial statements and have issued our report thereon dated December 13, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council on Aging's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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# WEINLANDER FITZHUGH

Board of Commissioners  
Gladwin City Housing Commission  
December 13, 2005

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Council on Aging's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Board of Commissioners, management and related regulatory agencies and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Weinlander Fitzhugh*